

**REMARKS**

Reconsideration of the application is respectfully requested for the following reasons:

1. Rejection of Claims 3-6 Under 35 USC §112, 2<sup>nd</sup> Paragraph

This rejection has been rendered moot by amending claim 3 to delete the phrase “or similar.”

2. Rejection of Claims 1, 2, 9, 14, and 15 Under 35 USC §102(b) in view of PCT Publication No. WO 98/28906 (Rosser)

This rejection is respectfully traversed on the grounds that the Rosser publication does not disclose or suggest updating of advertisements inserted into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement. Instead, Rosser relies on pre-programmed or predetermined “viewer profiles” which contain information about the user, but are not based on responses to the program itself, or to advertisements within the program.

According to one aspect of the invention, an advertiser (either directly or through a third party) provides simulation data to a user box or console, which compiles the simulation data and generates a display that includes an advertisement. This aspect of the invention is also taught by Rosser. However, according to a second aspect of the invention, described in lines 9 *et seq.* on page 11 and in illustrated in Figs. 9 and 11 of the original specification, and now more positively recited in the claims, the user responds to the advertisement, or to the program in which the advertisement is inserted, through an appropriate user interface device, and response data is transmitted back to advertiser or to the third party service provider. These responses are then used by the advertiser or third party provider to update the simulation image data for transmission back to the user box or console.

The present invention thus extends Rosser's concept of advertisement insertion into a video program (which is to be distinguished from insertion of advertisements into HTML documents or webpages) **beyond the television broadcast environment**. In particular, the claimed invention now recites an advertisement insertion method and system that can be used in an interactive environment such as that provided by state of the art video game consoles such as the Microsoft X-Box or Sony PlayStation 2, or personal computers, enabling advertisements to be inserted into virtual reality simulations or on-line games such as the SIMs, as well as in a two-way broadcast environment such as digital cable.

While it is true, as evidenced by other references cited by the Examiner (and discussed below) that there are on-line systems that provide for user response to advertisements, none of the prior systems uses the viewer response to the advertisement (or program) for the purpose of updating the advertisements to which the viewer has responded, and therefore none of these references could have suggested modification of the system of Rosser to provide for such feedback-based updating of the inserted advertisements.

The Rosser system does not contemplate any such interactive on-line environment, but rather is limited to video broadcasts. While it is true that the user box or console of Rosser provides **demographic data** back to the broadcaster, for use in selecting advertisements, **there is no mechanism for feeding back viewer responses to the programs and/or advertisements themselves** as is also positively recited in the claims. Instead, the user box of Rosser merely monitors viewing time and channels in order to infer demographic data based on viewing habits. There is no interface through which a user may input data or preferences.

The ability to solicit user responses to programs or advertisements can greatly increase the usefulness of the system to advertisers and consumers alike. For example, a game program might call for a response that elicits a vehicular preference (many car racing games permit selection of vehicles), in which case advertisements for a particular make and model of car might be inserted into the game. This can be combined with demographic data of the type solicited in

the system of Rosser (explained in detail on page 10, line 24 to page 13, line 16 of the Rosser publication), but greatly adds to the impact of the inserted advertisements, and permits the advertiser to take into account the fact that different viewers might share the same user box or console. Despite devoting three full pages to the discussion of deducing viewer preferences based on viewing habits, and the two-way transmission capabilities that such profiling requires, the Rosser publication nowhere suggests an interface through which the user can respond to the inserted advertisements and/or corresponding programs.

Because the Rosser publication fails to disclose or suggest feedback of user responses to advertisements or programs, as claimed, withdrawal of the rejection of claims 1, 2, 9, 14, and 15 under 35 USC §102(b) is respectfully requested.

3. Rejection of Claims 3-6 Under 35 USC §103(a) in view of PCT Publication No. WO 98/28906 (Rosser) and U.S. Patent No. 6,208,386 (Wilf)

This rejection is respectfully traversed on the grounds that the Wilf patent, like the Rosser publication, does not disclose or suggest insertion of advertisements into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement. Instead, the Wilf patent is directed to systems for locating and replacing billboards that appear in broadcast television programs, and does not anywhere mention processing, transmission, or reply to viewer responses to the replacement "billboards."

In addition, with respect to claim 6, the Applicant respectfully disputes the Official Notice that "it is well known in the art to use the system as taught by Rosser and Wilf et al. for a musical event to present advertisements on the background of the stage." All of the art of record is directed to sporting events, and the undersigned is not aware of any broadcasts that used the system of Rosser and Wilf to replacement stage backgrounds with advertising or billboards, or that anyone has proposed to do so.

4. Rejection of Claims 3-6 Under 35 USC §103(a) in view of PCT Publication No. WO 98/28906 (Rosser) and U.S. Patent Publication No. 2001/0027559 (Tanabe)

This rejection is respectfully traversed on the grounds that the Tanabe publication, like the Rosser publication, does not disclose or suggest insertion of advertisements into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement. While the Tanabe publication is directed to interactive advertisements, it does not seek to insert advertisements into a video program or on-line game, but rather simply adds a "browser unit" to a television broadcast receiver so as to HTML graphic displays (webpages) which are displayed. These webpages are not integrated into the program in the claimed manner and, while viewer data is solicited in the form of "limiting information" (see, col. 6, paragraph [0097]) and responses to the advertisements in the form of purchase orders may also be solicited, there is no attempt to *modify* or select inserted advertisements based on the viewer responses to the advertisements.

As explained in col. 7, paragraph [0116] of Tanabe, *after* checking the limiting information and requesting transmission of contents after a pause for downloading of the webpage:

*...the browser unit 24 presents the advertising information stored in the storage unit 21 for display on the display unit 18 in accordance with the limiting information and the contents of the advertising scenario header stored in the storage unit 21. The browser unit 24 sends the contents pause request to the reproduction control unit 23 **immediately before initiating the display of the advertising information**, and sends the restart request to the reproduction control unit 23 **immediately after ending the display**. The temporarily stopping and restarting of the transmission of the contents is thus effected in accordance with the above protocol.*

Thus, contrary to the claims of the present application (and in particular to the step of "inserting, **while said program or other images are being displayed**,..."), and also contrary to the system of Rosser, Tanabe **starts** and **stops** programming during display of the advertisements rather than integrating advertisements into the programming. Furthermore, the advertisements are selected based on data entered by a viewer in response to a query contained in a webpage that is displayed upon pausing the program through a "WWW page prompting for entry of limiting information"

(col. 7, paragraph [0109]), and not on inputs by a viewer in response to the programming and/or advertisements themselves.

Because neither Rosser nor Tanabe teaches an advertisement insertion system in which inserted advertisements may be modified based on viewer responses to the advertisements and/or programs into which the advertisements are inserted, with Tanabe failing to even teach advertisement insertion much less modification of the advertisements based on viewer responses thereto, it is respectfully submitted that neither the Rosser patent nor the Tanabe patent, whether considered individually or in any reasonable combination, discloses or suggests the combination recited in the amended claims of the present application, and withdrawal of the rejection based on the Rosser and Tanabe patents is respectfully requested.

5. Rejection of Claims 10 and 11 Under 35 USC §103(a) in view of PCT Publication No. WO 98/28906 (Rosser) and U.S. Patent No. 6,172,677 (Stautner)

This rejection is respectfully traversed on the grounds that the Stautner patent, like the Rosser publication, does not disclose or suggest insertion of advertisements into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement. Instead, the Stautner patent discloses embedding of web-based content into broadcast program guides. **As in the Tanabe system discussed above, response to an advertisement in the Stautner system does not modify the manner in which advertisements are inserted.**

Although a displayed advertisement can function as an icon for initiating a sequence of events, such as the ordering of a pizza (col. 6, lines 50-60 of Stautner), the ordering of the pizza has no effect on the display of advertisements, and thus there is no feedback in the manner of the claimed invention. Because the Stautner patent does not suggest modification of the Rosser advertisement-insertion system to modify advertisements based on viewer responses to the advertisements or programming into which the advertisements are inserted, withdrawal of the rejection of claims 10-11 under 35 USC §103(a) is respectfully requested.

6. Rejection of Claim 12 Under 35 USC §103(a) in view of PCT Publication No. WO 98/28906 (Rosser) and U.S. Patent No. 6,618,858 (Gautier)

This rejection is respectfully traversed on the grounds that the Gautier patent relates solely to user identification, and therefore does not suggest modification of the system disclosed in the Rosser publication to provide for insertion of advertisements into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement.

7. Rejection of Claim 13 Under 35 USC §103(a) in view of PCT Publication No. WO 98/28906 (Rosser), U.S. Patent No. 6,172,677 (Stautner), and U.S. Patent No. 2002/0016965 (Tomsen)

This rejection is respectfully traversed on the grounds that the Tomsen publication is directed to a system that permits a viewer of a commercial on interactive television to save the commercial for later viewing and interaction, and therefore could not possibly have suggested modification of the system of Rosser, whether or not considered in view of the Stautner patent, to provide for insertion of advertisements into an interactive program based on responses submitted by the user, via an interface device, to either the main program or to a previously inserted advertisement.

The present invention provides an improvement over the system of Rosser in which inserted advertisements may be modified according to viewer reaction or feedback, thereby making use of the capabilities provided by interactive television or gaming protocols. The applicant does not claim to have invented interactive television or interactivity in general, but only to have invented a specific, extremely useful, application of interactive television capabilities in which reaction of the viewer to a program or advertisement inserted into the program is used as a basis for modifying the advertisement. This is not the same as Tomsen's storage of an advertisement for later replay and interaction, and therefore withdrawal of the rejection of claim 13 under 35 USC §103(a) is respectfully requested.

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Having thus overcome each of the rejections made in the Official Action, withdrawal of the rejections and expedited passage of the application to issue is requested.

Respectfully submitted,

BACON & THOMAS, PLLC

A handwritten signature in black ink, appearing to read 'B. Urcia', with a long horizontal flourish extending to the right.

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